



Montana Department of Transportation
PO Box 201001
Helena, MT 59620-1001

MEMORANDUM

To: See Distribution
From: Kevin Christensen, P.E.
Construction Engineer
Date: June 4, 2007
Subject: Supplemental Specification Revision: 107.13.1 Insurance on All Contracts

The Construction Administration Services Bureau is proposing revisions to Standard Specification, 107.13.1 Insurance on All contracts. Following the Standard Specification Revision Process outlined in the Construction Engineer's Memorandum dated January 9, 2002 the following information is provided.

1. Standard Specification, 107.13.1 Insurance on All contracts will be modified.
2. The Proposed Draft of the change is attached along with this memorandum.
3. Revision to the Standard Specification is needed to clarify the requirements of the specification.
4. Those impacted by the change include:
Contractors, Insurance Companies, Legal
5. The following individuals were consulted and/or involved in developing the proposed revisions:
Legal Services, Contract Plans

*It is requested that written comments on **the proposed revisions only**, be returned to mdtspecifications@mt.gov no later than July 5th, 2007.*

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107.13.1 Insurance on All Contracts

- A. Obtain Commercial General Liability insurance with a general aggregate limit of \$2,000,000; an occurrence limit of \$1,000,000; and products and completed operations limit of \$1,000,000. The policy must name the State of Montana, its agents, employees, and officers as an additional named insured
- B. Obtain an Owner's and Contractor's Protective (OCP) liability insurance policy for all work to be done, on behalf of the owner (State of Montana, the Department, and its agents, employees and officers) to be submitted with the contract when executed, with a general aggregate limit of not less than \$2,000,000 and an occurrence limit of not less than \$1,000,000.
- C. Both of the above policies must:
1. Provide coverage on an occurrence basis and not on a claims-made basis;
 2. Not contain exclusions for explosion, collapse, or underground damage hazards; and
 3. Provide that all insurance or self insurance maintained by the State, its agents, employees, and officers is in excess of the required insurance and does not contribute with it.
 4. Meet the timing requirements of subsection 103.07.

Do not start work until the Department has been furnished evidence that the required insurance has been obtained. Maintain all policies in full force until the contract is complete and accepted and all requirements of subsection 105.15.2 are met.

Obtain all policies from an insurer with a Best rating of A- or better on the date the policy is written.

The insurance requirements are a condition precedent to the contract. Failure to obtain and maintain all required insurance, or permitting the insurance to lapse before the contract is complete and accepted, is considered a material breach of the contract.

Reinstate the policies listed above if a return to the project is required to complete additional work. Do not begin work until the policies are reinstated and submitted to the MDT Construction Administration Bureau in Helena.

Deleted: Obtain insurance from an insurer with a Best rating of A- or better on the date the policy is written.

Deleted: Obtain a policy that

Deleted: 1. Provide coverage on an occurrence basis and not on a

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Deleted: claims-made basis; ¶
2.

Deleted: Provides the owners and Contractor protective coverage with the same limits as the commercial general liability insurance, with

Deleted: Name the State of Montana, its agents, employees, and officers as an additional named insured; ¶
3.

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Deleted: Not contain exclusions for explosion, collapse, or underground damage hazards; and ¶

Deleted: 4. Provide that all insurance or self insurance maintained by the State, its agents, employees, and officers is excess of the

Deleted: Contractor's

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Deleted: Maintain the insurance in full force until the project Final Inspection is completed and all requirements of subsection 105.15.2 are met.

Deleted: The policy must:¶
1. Provide coverage on an occurrence basis and not on a claims-made basis;¶
2. Not contain exclusions for explosion, collapse, or underground damage hazards; and¶
3. Provide that all insurance or self insurance maintained by the State, its agents, employees, and officers is excess of the required insurance and does not contribute with it.¶

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